

**SECRET****ISRAELI PEACE PROCESS**

Arab and Israeli interest in the West Bank/Palestinian issue has been sidetracked by the Lebanon negotiations and other regional developments. Neither side expects any major new initiatives in the peace process in the near term.

- The PLO is currently embroiled in an internal dispute which--while it probably will not threaten Arafat's hold on power--will cause the organization to shy away from any effort to reconsider President Reagan's peace plan. Jordan is unwilling to enter peace talks without prior approval from the PLO. Syria is concerned about its growing isolation in the Arab world and is focusing its efforts on Lebanon.
- The Israelis rejected the President's peace plan immediately after it was issued as contradicting the Camp David accords. Tel Aviv continues to insist that any negotiations must be based on Camp David, which is rejected by the Arabs.
- Both sides expect that the approaching presidential elections make it unlikely that the U.S. will attempt any new initiatives in the peace process.

Over the longer run, however, the momentum generated by the Israeli-Lebanese agreement could revive interest in broader peace negotiations.

- Many moderate Arabs have privately endorsed the Israeli-Lebanese accord and are impressed with U.S. ability to get concessions from Israel.
- There is growing evidence that Syria has concluded that it cannot sabotage the Lebanon agreement and is examining various negotiating options. Damascus may seek to get U.S. assurances of support for its position on the Golan Heights as part of the price for a Syrian withdrawal from Lebanon. This could, in turn, lead to expanded negotiations.

But broader negotiations would be opposed--for different reasons--by the Israelis and the Soviets, both of whom would work to undercut any new initiatives.

- The Soviets reject any negotiating process which does not give them a role and would try to use their leverage with Damascus to block any such effort.
- Tel Aviv is apprehensive that new negotiating initiatives will lead to U.S. pressure on Israel for concessions and aggravate U.S.-Israeli relations.

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